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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 001147

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SUBJECT: HONORARY KMT CHAIRMAN LIEN CHAN ON CROSS-STRAIT
RELATIONS AND FOREIGN POLICY

Classified By: AIT Director Stephen M. Young,
Reasons: 1.5 (b/d)

¶1. (C) Summary: Honorary KMT Chairman Lien Chan told the Director on August 4 that he will meet with Taiwan Affairs Office Director Wang Yi in Beijing on August 5, the first day of his trip to China to attend the Olympic opening ceremony on August 8. Lien stressed the importance of U.S. support for cross-strait progress, saying the two sides are heading in the right direction by focusing on economic links as their first priority. Lien assured the Director that President Ma Ying-jeou will keep his upcoming U.S. transits low-key, which Lien contrasted to the behavior of President Chen during his 2001 transit of New York. Lien also discussed Ma's desire for a "diplomatic truce" with Beijing and possible senior-level PRC visits to Taiwan in the coming months. End Summary.

Cross-Strait Relations

¶2. (C) Honorary KMT Chairman Lien Chan, who was accompanied by former TECRO Representative Stephen Chen, told the Director on August 4 that he will begin a 10-12 day trip to China on August 5, first flying to Beijing where he will meet with Taiwan Affairs Office Director Wang Yi and then touring in the Chengde area for two days. After attending the Olympic opening ceremony and a large reception, Lien will spend two days watching Olympic events and then go touring in Manchuria, visiting Changbaishan on the North Korean border and also Changchun City. Lien's traveling party, consisting of family members and in-laws, will total 12 persons.

¶3. (C) Beijing's decision to order its media to use "Zhonghua Taipei" when referring to the "Chinese Taipei" Olympic team is a positive cross-strait development, Lien maintained. The two sides reached a consensus in Hong Kong in 1989 to use "Zhonghua Taipei" in the Olympics itself, he noted. However, this consensus did not cover the PRC, which has regularly used the objectionable "Zhongguo Taipei." In response to Taiwan's requests, the Chinese government has now finally agreed to order its controlled media to use "Zhonghua Taipei" instead of "Zhongguo Taipei" in referring to Taiwan's Olympic team. (Note: "Zhongguo Taipei," which can be translated as "Taipei, China," is objectionable to Taipei because it could suggest that Taiwan is part of the PRC.)

¶4. (C) Lien stressed the importance of the 16-character

phrase PRC President Hu Jintao first used during their April 29 meeting: "Build mutual trust, shelve disputes, seek common ground while reserving differences, and bring about a win-win situation." Hu had also added a footnote: "Looking back at 2005, we can now say our decision was fully correct." This referred to the five-point "agreement" reached by the two sides during Lien Chan's 2005 visit to China. Lien added that the five-point agreement has been included in the KMT platform, and therefore reflects the party's overall thinking about cross-Straits relations.

15. (C) Lien said he hoped both sides could take steps toward realizing the 2005 agreement but this will take time and there need to be priorities. Lien said he had recommended and Ma Ying-jeou had agreed that the first priority should be opening up economic relations with the mainland. This was the right direction, especially opening up the tourism market to mainland residents and implementing weekend cross-Straits charter flights. Unresolved issues, such as direct flight routes and cargo charter flights, should be dealt with at the next round of the Straits Exchange Foundation (SEF) - Association for Relations Across the Taiwan Strait (ARATS) dialogue, which will probably be held in October or November in Taiwan. Lien said he expected President Ma will meet with ARATS Chairman Chen Yunlin when Chen visits Taiwan for the SEF-ARATS dialogue.

16. (C) The Director asked whether Beijing would send a leader or senior official to Taiwan for the party-to-party dialogue. Lien noted he had made three points in internal meetings concerning possible visits by Chinese officials:

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Taiwan would need to protect their security, show them respect by following proper protocol, and exhibit general good will. On the question of who Beijing might send to Taiwan, Lien ticked off the rank order of Chinese leaders and senior officials responsible for Taiwan affairs: President Hu Jintao, Politburo Standing Committee member Jia Qinglin, State Councilor Dai Bingguo, and Wang Yi. Jia would be too senior for a visit at this time, Lien suggested, adding that he would ask Wang Yi about visiting Taiwan when they met on August 5.

17. (C) The Director noted that some Taiwan media articles have inaccurately claimed that the U.S. is unhappy with the progress in cross-Straits relations. On the contrary, the U.S. is pleased to see the improvement in cross-Straits economic relations, the Director emphasized, adding that we would only be concerned if the PRC tried to impose its will on Taiwan. Lien Chan emphasized the importance of U.S. support for the improvement of cross-Straits relations, adding that he had taken note of President Bush's recent statement that he was pleased with cross-Straits developments. President Ma needs this type of encouragement from the U.S., said Lien, who returned several times to the importance of U.S. support for cross-Straits progress during his conversation with the Director.

Doubts About Ma's Efforts to be President of All the People

18. (C) Asked whether there was adequate coordination between the KMT, legislature, and government, Lien noted he was not involved in day-to-day operations although he was sometimes asked for his opinion on major policy decisions. Although the officials are decent and good people, they do have different ideas about certain policies, he acknowledged. "Speaking frankly," Lien said Ma wants to be president of all the people. Although a very good political slogan, this is actually quite difficult to accomplish in practice, and a leader can be successful if he satisfies the majority. Lien noted there are differences within the party on this issue. Some people argue that under the new single member legislative district system, a legislator can serve all the people in his or her district, pan-Green as well as pan-Blue

and independents. Lien questioned the wisdom of Ma's appointment of Taiwan Solidarity Union member Lai Shin-yuan as chairperson of the Mainland Affairs Council (MAC). If Ma wanted to bring the opposition into the fold, he would need to bring in people whom the opposition supported. However, the opposition regarded Lai as a turncoat and therefore did not appreciate Ma's gesture, Lien said.

Foreign Policy

¶9. (C) The Director noted that Lien had attended a dinner hosted by Ma for former foreign ministers on August 3. At the dinner, Lien said, Ma emphasized the need for a "diplomatic truce" across the Strait. He also said there would be no "gimmicks" during his trip to Paraguay to congratulate President Lugo on his inauguration. Ma stressed he would keep his U.S. transits low key, and not try to make them into something more than transits, as President Chen had done when he transited New York City in 2001.

¶10. (C) Lien noted that the Lugo team had announced they wanted USD 71 million from Taiwan to continue diplomatic relations, but Taiwan had not responded. Also, Beijing had apparently rebuffed Lugo's overture to visit China, an important sign from the Chinese. The international space issue is very important to Taiwan, Lien emphasized. Taking away one of Taiwan's 23 remaining diplomatic partners adds nothing to China, but will hurt cross-Strait relations, Lien observed. Taiwan hopes to explore this issue with Beijing but does not know how to start, Lien maintained, adding that the U.S. can play an important role. The Director pointed out that Secretary Rice and other U.S. officials have been urging Beijing to show flexibility on the issue of Taiwan's international space.

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Comment

¶11. (C) Perhaps buoyed by his upcoming trip to China, Lien Chan was rather upbeat about current cross-Strait and foreign policy trends under the Ma administration. Lien clearly wanted us to understand how important it is for Taiwan to have U.S. support and encouragement in both areas.
YOUNG